# INSPECTOR GENERAL

*U.S. Department of Defense*

## Space and Naval Warfare Systems Command and Overall Navy Needs to Improve Management of Waiver and Deferral Requests
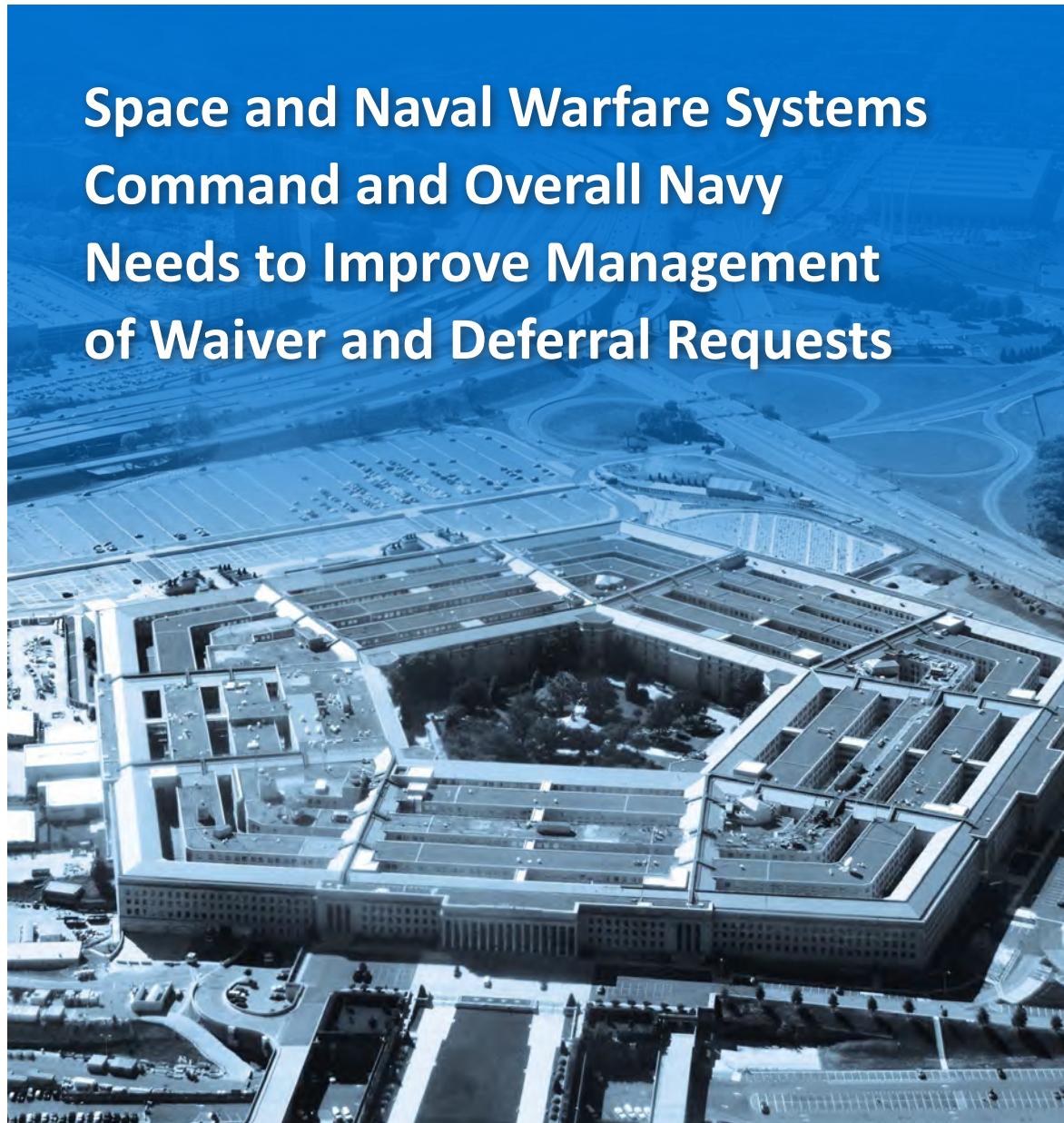
INTEGRITY ★ EFFICIENCY ★ ACCOUNTABILITY ★ EXCELLENCE

## Mission

*Our mission is to provide independent, relevant, and timely oversight of the Department of Defense that supports the warfighter; promotes accountability, integrity, and efficiency; advises the Secretary of Defense and Congress; and informs the public.*

## Vision

*Our vision is to be a model oversight organization in the Federal Government by leading change, speaking truth, and promoting excellence—a diverse organization, working together as one professional team, recognized as leaders in our field.*

Fraud, Waste & Abuse
**HOTLINE**
Department of Defense
**dodig.mil/hotline** | 800.424.9098

For more information about whistleblower protection, please see the inside back cover.

# Results in Brief

*Space and Naval Warfare Systems Command and Overall Navy Needs to Improve Management of Waiver and Deferral Requests*

**October 8, 2015**

## Objective

Our objective for this audit was to evaluate the Space and Naval Warfare Systems Command (SPAWAR) process to justify, review, and approve requests for waivers of criteria to certify readiness for operational testing and deferrals of operational testing requirements. We also summarized the results of our evaluation of the Navy's management of waivers and deferrals from operational test requirements for the nine Navy acquisition programs reviewed. This report is the third in a series of reports that will evaluate the Navy's management of its waivers and deferrals for acquisition programs.

## Findings

The Navy Multiband Terminal (NMT) program manager did not request waivers when the program did not meet the certification criteria needed to enter initial operational test and evaluation (IOT&E). Additionally, the program managers for the NMT, Tactical Mobile, Digital Modular Radio, and Computer Network Defense programs held operational test readiness review (OTRR) briefings that did not fully document that they had met the certification criteria for entering IOT&E.

These conditions occurred because Navy policy on requesting waivers was unclear. In addition, in May 2009, SPAWAR canceled their policy on waivers and deferrals.

### Findings (cont'd)

As a result, the NMT program completed IOT&E with deficiencies that diminished the system's ability to perform its primary communication mission. Additionally, the incomplete OTRR briefings hindered the program executive officer from fully considering the readiness of programs for IOT&E.

Overall, Navy program managers and system sponsors did not fully implement Navy policies for requesting waivers and deferrals before certifying program readiness for IOT&E to support the final production decision. Of nine Navy acquisition programs that entered final production between April 2012 and April 2014, program managers on: four did not request waivers when not meeting all IOT&E certification requirements; five had OTRR briefings not fully documenting how they met certification criteria; and one did not request deferrals from testing that planned to demonstrate system requirements during IOT&E. These conditions occurred because Navy policy was unclear on when program managers had to request waivers and deferrals. Additionally, Navy system sponsors for one program did not obtain an agreement from the Joint Chiefs of Staff (JCS) that the deferral would not unacceptably affect military use before independently granting the deferral. This occurred because Navy policy did not require notifying JCS on deferrals. As a result, six of nine programs reviewed completed IOT&E with unresolved deficiencies that negatively impacted primary missions.

## Recommendations

We recommend the Commander, Space and Naval Warfare Systems Command, update Command policy to include implementing the planned revision of Secretary of the Navy Instruction 5000.2E, "Department of the Navy Implementation and Operation of the Defense Acquisition System and the Joint Capabilities Integration and Development System."

We are not making additional recommendations on the Navy's management of waivers and deferrals. We made these recommendations in two earlier reports, as discussed in Finding B, and the Navy has ongoing corrective actions.

## Management Comments and Our Response

The Deputy Department of the Navy Test and Evaluation Executive, responding for the Commander, Space and Naval Warfare Systems Command, agreed, stating that SPAWAR plans to distribute an updated Command policy that will clarify guidance requiring SPAWAR programs to follow the OTRR waiver process, as documented in SECNAVINST 5000.2E.  The Deputy stated the updated Command policy is expected to be released by November 2015.  The Deputy addressed the specifics of the recommendation, and no further comments are required.  Please see the Recommendation Table on the following page.

## *Recommendation Table*

| Management | Recommendations Requires Additional Comment |
|---|---|
| Commander, Space and Naval Warfare Systems Command | No |

**INSPECTOR GENERAL**
**DEPARTMENT OF DEFENSE**
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500

October 8, 2015

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION, TECHNOLOGY,
          AND LOGISTICS
          VICE CHAIRMAN OF THE JOINT CHIEFS OF STAFF
          DIRECTOR, OPERATIONAL TEST AND EVALUATION
          NAVAL INSPECTOR GENERAL

SUBJECT:  Space and Naval Warfare Systems Command and Overall Navy Needs to Improve
          Management of Waiver and Deferral Requests (Report No. DODIG-2016-003)

We are providing this report for your information and use. We determined that the Space and
Naval Warfare Systems Command, as well as Naval Air and Naval Sea Systems Commands,
should improve management of waiver and deferral requests to allow the program executive
officer to better determine program readiness for entering testing to support the final
production decision. We conducted this audit in accordance with generally accepted
government auditing standards.

We considered management comments on a draft of this report when preparing the final
report. Comments from the Deputy, Department of the Navy Test and Evaluation
Executive, responding for the Commander, Space and Naval Warfare Systems Command,
addressed all specifics of the recommendation and conformed to the requirements of
DoD Instruction 7650.03; therefore, we do not require additional comments.

We appreciate the courtesies extended to the staff. Please direct questions to me at
(703) 604-9077 (DSN 664-9077).

Jacqueline L. Wicecarver
Assistant Inspector General
Acquisition, Parts, and Inventory

# Contents

## Introduction

## Finding A.  Space and Naval Warfare Systems Command Needs to Improve Management of Waiver and Deferral Requests

## Finding B.  Navy Systems Commands Need to Improve Management of Waivers and Deferrals

# Contents (cont'd)

## Appendixes

## Management Comments

## Acronyms and Abbreviations

# Introduction

## Objective

Our objective for this audit was to evaluate the Space and Naval Warfare Systems Command process to justify, review, and approve requests for waivers of criteria to certify readiness for operational testing and deferrals of operational testing requirements. We also summarized the results of our evaluation of the Navy's management of waivers and deferrals from operational test requirements for the nine Navy acquisition programs reviewed. This report is the third in a series of reports that will evaluate the Navy's management of its waivers and deferrals for acquisition programs. See Appendix A for a discussion of our scope and methodology and prior audit coverage related to the audit objectives.

## Navy Policy on Waivers and Deferrals

### Secretary of the Navy Instruction 5000.2E

Secretary of the Navy Instruction (SECNAVINST) 5000.2E[1] establishes criteria to certify Navy systems as ready to enter into initial operational test and evaluation (IOT&E).[2] IOT&E precedes the full-rate production (final production) decision. The instruction requires the Systems Command commander, program executive officer (PEO), and program manager to conduct an operational test readiness review (OTRR) to certify system readiness to begin IOT&E.

An OTRR is a product and process assessment to make sure a system can proceed into IOT&E with a high probability of successfully completing operational testing. Upon completing the OTRR, if the System Command commander, PEO, and program manager determine the system is ready to enter IOT&E, they must either certify to the:

- Commander, Operational Test and Evaluation Force that the system is ready for IOT&E, as required by the Test and Evaluation Master Plan (TEMP), with no waivers or deferrals requested; or
- Chief of Naval Operations (CNO) (N84); Director, Innovation, Test and Evaluation, and Technology Requirements, that the system is ready for IOT&E, with requests for waivers or deferrals.

---

[1]  Secretary of the Navy Instruction (SECNAVINST) 5000.2E, "Department of the Navy Implementation and Operation of the Defense Acquisition System and the Joint Capabilities Integration and Development System," September 1, 2011.

[2]  Initial Operational Test and Evaluation is the dedicated operational test and evaluation conducted on production representative articles to determine whether systems are operationally effective and suitable to support a final production decision.

SECNAVINST 5000.2E also states that when waiver or deferral requests are anticipated, the program manager must coordinate with the program sponsor; CNO (N84), Director, Innovation, Test, and Evaluation and Technology Requirements; and the Commander, Operational Test and Evaluation Force before the OTRR.  The program sponsor must then formally concur with the proposed waivers or deferrals.  Additionally, when the System Command commander, PEO, and program manager certify system readiness for IOT&E with waivers or deferrals, they must provide an information copy of the certification to the program sponsor within the Office of the CNO.  Concurrence with waivers and deferrals affects program execution as follows:

- **Waivers** are a deviation from the criteria identified for certifying IOT&E readiness.  Waivers allow programs to start IOT&E without meeting one or more of the 20 criteria required by SECNAVINST 5000.2E to certify readiness to enter IOT&E.  Waivers do not change or delay any system or testing requirements.

- **Deferrals** allow programs to delay the testing of requirements identified in the TEMP, moving testing requirements from IOT&E to a later follow-on test period.

Waiver and deferral approvals can result in the more rapid delivery of capabilities to operating Navy Forces.  However, the System Command commander, PEO, and program manager must fully evaluate the potential impacts that waivers and deferrals have on the mission capability delivered.  Waiver criteria to certify readiness for IOT&E or defer operational test requirements could result in premature final production decisions.  This could create the need for the costly retrofitting of fielded units to deliver operational performance that is less than required to fully meet the expected threat.  CNO (N84) staff said their "approval" of waivers and deferrals indicates that the program manager followed the OTRR process necessary to certify program readiness for IOT&E despite risks.

## *Secretary of the Navy Manual M-5000.2*

Secretary of the Navy Manual M-5000.2[3] provides additional discretionary guidance relating to the Navy's management of waivers and deferrals.

---

[3]  Secretary of the Navy Manual M-5000.2, "Acquisition and Capabilities Guidebook," May 9, 2012, Section 4.6, "Certification of Readiness for Operational Testing."

## Space and Naval Warfare Systems Command

Space and Naval Warfare Systems Command (SPAWAR) develops, delivers, and sustains communications and information capabilities for warfighters, keeping them connected anytime, anywhere.  With a space-support activity, two system centers, and partnerships with three program executive offices, SPAWAR provides the hardware and software needed to execute Navy missions.

## Background on Programs Selected for Review

We identified four SPAWAR acquisition programs that received final production decisions from April 14, 2012, through April 14, 2014: Navy Multiband Terminal (NMT), Digital Modular Radio (DMR), Tactical Mobile (TacMobile), and Computer Network Defense (CND).  The following sections describe these programs, based on documentation the program managers provided.  See Appendix B for more information on the Naval Air Systems Command (NAVAIR) and Naval Sea Systems Command (NAVSEA) programs we reviewed during our evaluation of the Navy's overall management of waivers and deferrals from operational test requirements.

### Navy Multiband Terminal

NMT is an Acquisition Category IC[4] major defense acquisition program that had its final production decision on November 30, 2012.  NMT is the next-generation maritime military satellite communications terminal.  The NMT system is required for the Advanced Extremely High Frequency (AEHF) system, which enhances the Navy's protected and survivable satellite communications.

### Digital Modular Radio

DMR is an Acquisition Category III[5] program that had its final production decision on May 7, 2012.  The DMR is a digital, modular, programmable, multi-channel, multi-function and multi-band radio system.  The DMR provides improvements for fleet radio high-frequency, very-high-frequency, and ultra-high-frequency band capabilities.  DMR replaces various legacy radio systems operating on Navy surface ships, submarines, and shore sites.

---

[4]  Acquisition category IC is a program for which the Head of the DoD Component estimates eventual total expenditure for research, development, test, and evaluation of more than $480 million in FY 2014 constant dollars or, for procurement, more than $2.79 billion in FY 2014 constant dollars.

[5]  Acquisition category III is an acquisition program for which the DoD Component Head estimates eventual total expenditure for research, development, test, and evaluation of less than $185 million in FY 2014 constant dollars or, for procurement, less than $835 million in FY 2014 constant dollars.

## *Tactical Mobile*

TacMobile is an Acquisition Category III program that had its final production decision on December 5, 2012. The TacMobile provides Maritime Patrol and Reconnaissance Force and Naval Component Commanders with the capability to plan, direct, and control the tactical operations of joint and naval expeditionary forces and other assigned units within their respective areas of operation. The TacMobile program designs, develops, fields, and sustains three major operational systems: the stationary and mobile tactical operations centers and the Joint Mobile Ashore Support Terminal.

## *Computer Network Defense*

CND is an Acquisition Category IVT[6] program that had its final production decision on November 28, 2012. The CND program includes commercial hardware and software components that interoperate with the Navy's afloat and shore cyber architecture. CND detects and responds to unauthorized activity with Navy information systems and networks afloat and on the shore.

## Review of Internal Controls

DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013, requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and that evaluates the effectiveness of the controls. We identified an internal control weakness with SPAWAR's lack of implementing guidance for requesting waivers to obtain certification to enter IOT&E. We will provide a copy of the report to the senior official responsible for internal controls in the Department of the Navy.

---

[6] Only the Navy and Marine Corps use acquisition category IVT for programs that are not otherwise designated at acquisition category III.

# Finding A

## Space and Naval Warfare Systems Command Needs to Improve Management of Waiver and Deferral Requests

The NMT program manager did not fully implement Navy policy to request waivers when the program did not meet all certification criteria to enter IOT&E. Additionally, the program managers for the NMT, TacMobile, DMR, and CND programs did not include support in the OTRR briefings on what they had done to meet the certification criteria for entering IOT&E.

These conditions occurred because Navy policy did not clearly state that program managers must request waivers whenever their program does not meet all criteria required to start IOT&E. Additionally, in May 2009, SPAWAR canceled their policy on waivers and deferrals.

As a result, the NMT program entered and completed IOT&E with unresolved deficiencies that affected system reliability and software maturity. These deficiencies diminished the NMT's ability to perform its primary mission to provide Navy forces with worldwide secure, protected, and survivable communications. Additionally, because the program managers for the four programs did not prepare documentation for the OTRR briefings that captured program accomplishments against each certification requirement, the PEO and other stakeholders could not fully consider program readiness for entering IOT&E during the OTRR briefing.

## Waivers Not Requested for Unmet Certification Requirements

The NMT program manager did not meet 3 of 20 criteria required by SECNAVINST 5000.2D[7] to certify readiness for IOT&E. Although the program manager requested a waiver from the criterion for having an approved TEMP, he did not request a waiver for two additional criteria. Specifically, the program manager did not request waivers when:

- the TEMP system performance requirements were not, or were not projected to be, satisfied; and
- software was not sufficiently mature and stable for fleet use.

---

[7] SECNAVINST 5000.2D, "Implementation and Operation of the Defense Acquisition System and the Joint Capabilities Integration and Development System," October 16, 2008.

## *System Reliability Requirements Not Met*

The NMT program manager did not request waivers when the program did not meet TEMP performance requirements for system reliability. The TEMP[8] identified the average time between critical failures and the average time between failures as a key system attribute (secondary requirement). The developmental test results[9] showed that the NMT was not reliable. Tests that used the latest software update showed that the average time between NMT failures rose from 251.8 hours to 338.12 hours. However, reliability was still significantly less than the 1,100 hours between failures specified in the TEMP. SECNAVINST 5000.2D requires systems to meet performance requirements identified in the TEMP. Even before the OTRR, the reliability of the NMT was a concern that the Commander, Operational Test and Evaluation Force, identified during the operational assessment to support the low-rate initial production decision.

The Commander, Operational Test and Evaluation Force,[10] rated the reliability of the NMT as unsatisfactory, based on software and hardware failures. The report stated that the NMT was not reliable enough to complete its operational missions. Specifically, the report concluded that low reliability adversely impacted communication between users on required frequency bands[11] and significantly diminished mission operations. When the NMT System is not working, NMT-equipped ships cannot access military satellite communications systems to exchange mission-required information. The AEHF satellite uses the NMT to enhance Navy Forces' protection and satellite communications. The figure below shows that NMT interoperates with AEHF, trucks, planes, ships, and ground operations. On October 15, 2012, almost a year after the IOT&E report, a memorandum[12] from the Commander, Operational Test and Evaluation Force, stated that the NMT system reliability had significantly improved from that identified during IOT&E and now met the reliability threshold requirement.
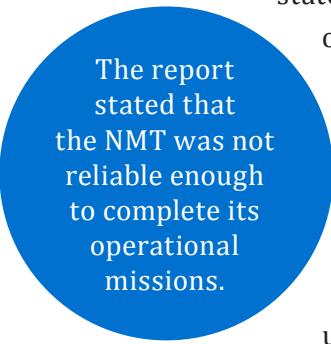
> The report stated that the NMT was not reliable enough to complete its operational missions.

---

[8]  "Navy Multiband Terminal Test and Evaluation Master Plan (TEMP) Revision B," March 10, 2011.

[9]  "Navy Multiband Terminal (NMT) Developmental Test (DT) Integrated Test (IT)-C1 Test Report (Part II)," July 18, 2011.

[10]  "Navy Multiband Terminal Operational Test Agency Evaluation Report (OT-C1)," November 29, 2011.

[11]  A specific range of radio frequencies divided among ranges from very low frequencies to extremely high frequencies.

[12]  "Verification of Correction of Deficiencies of the Navy Multiband Terminal System," October 15, 2012.

*Figure. Operational View of the Navy Multiband Terminal*
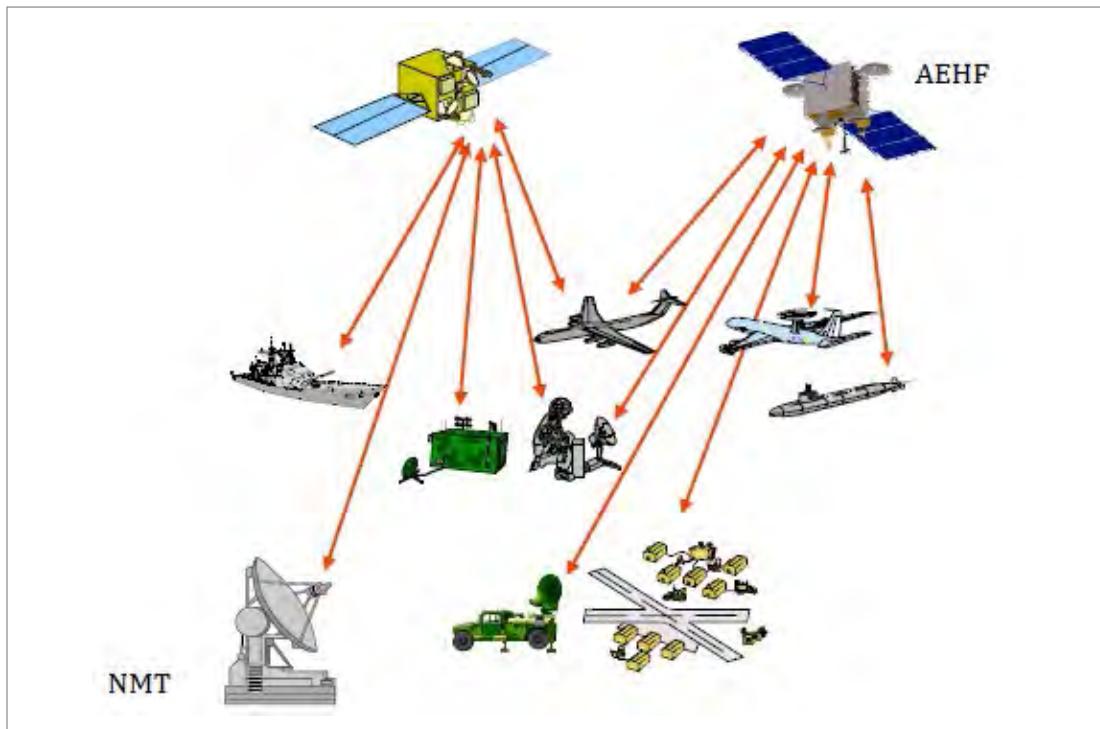


Source: HYPERS, Inc.

## *Software Not Sufficiently Mature*

The NMT program manager did not request a waiver from meeting the criterion that software is sufficiently mature. SECNAVINST 5000.2D requires program managers to demonstrate that software is sufficiently mature and stable. In the OTRR briefing charts,[13] the program office identified software maturity as a medium risk. Specifically, the risk states that if the NMT software does not demonstrate sufficient maturity that supports the reliability key performance parameter (primary requirement), then final production may be delayed.

The Director, Operational Test and Evaluation, stated in his assessment[14] that software failures accounted for more than half of the total failures recorded during the IOT&E. The NMT trainers taught the operators that when a "fault" message appears on a terminal, they should first attempt clearing the message without further action. If the message returns, the operators should begin troubleshooting the system and when necessary, the operators should reboot the terminal to see if that clears the fault. Rebooting the system typically took between 5 and 10 minutes to complete. From operator surveys, 79 percent (11 of 14) of users said a reboot is normally required to restore the NMT to a normal run state. Therefore,

---

[13] "Operational Test Readiness Review (OTRR) For Navy Multiband Terminal (NMT) OT-C1," July 13, 2011.

[14] "Director, Operational Test and Evaluation Navy Multiband Terminal (NMT) Initial Operational Test and Evaluation Report," November 2011.

...the Director, Operational Test and Evaluation, concluded the NMT was not operationally suitable because of immature software and hardware.

the Director, Operational Test and Evaluation, concluded the NMT was not operationally suitable because of immature software and hardware. As a result, the program manager delayed the final production decision for one year to take corrective action and make sure the NMT was sufficiently reliable to meet the communication needs for supporting the Navy's long-term deployments. In December 2012, one year after IOT&E, the Director, Operational Test and Evaluation, reported[15] that the NMT was now operationally suitable.

## Operational Test Readiness Review Briefing Charts Need to Address Certification Criteria

OTRR briefing charts for NMT, TacMobile, DMR, and CND did not show support that the program manager met all 20 criteria on the OTRR Checklist Summary. The following table shows how the OTRR briefs for the four programs reviewed did not include support for between 1 and 5 of the 20 certification criteria for starting IOT&E.

*Table 1. Criteria Not Supported in OTRR Briefing Charts*

| | SECNAVINST 5000.2E - OTRR Criteria[1] | NMT[2] | TacMobile | DMR[3] | CND |
|---|---|---|---|---|---|
| 1 | The operational test and evaluation manning of the system is adequate to simulate normal operating conditions. | X | | | X |
| 2 | All ranges, facilities, and resources required to execute operational tests, including instrumentation, simulators, targets, expendables, and funding, have been identified and are available. | | | | X |
| 3 | The system provided for operational tests and evaluation, including software, is production representative. | | X | X | X |
| 4 | All software is sufficiently mature and stable for fleet introduction. | | | | X |
| 5 | For software qualification tests, a statement of functionality that describes the software capability has been provided to the Commander, Operational Test and Evaluation Force, and CNO (N84). | | X | | |
| 6 | For information technology (IT) systems, the system has been assigned a mission-assurance category and confidentiality level. System certification accreditation documents or a platform IT designation letter, as applicable, have been provided to the Operational Test Agency. | | X | | X |
| | **Criteria not supported in briefing charts:** | 1 | 3 | 1 | 5 |

[1]   The table includes OTRR criteria not supported in OTRR briefing charts by one or more programs reviewed.
[2]   We compared NMT OTRR briefing charts against SECNAVINST 5000.2D, which was applicable at the time of the NMT OTRR.
[3]   We compared DMR OTRR briefing charts against SECNAVINST 5000.2C, which was applicable at the time of the DMR OTRR.

---

[15]   "Director, Operational Test and Evaluation, FY 2012 Annual Report," December 2012.

Without including the information found in those briefing charts, the OTRR did not fully inform the chairperson or other stakeholders that the program should have entered into IOT&E supporting the final production decision.  However, the program offices staff said the program managers updated the PEOs on the status of meeting the 20 certification criteria in meetings leading to the OTRR.  In addition, the program manager provided supporting documentation to show that the program met the criteria.

The OTRR is a multi-disciplined product and process assessment that makes sure the system can proceed into IOT&E with a high probability of success, and that the system is effective and suitable.  The OTRR is complete when the service acquisition executive evaluates and determines system readiness for IOT&E.  The program manager should conduct the OTRR before certifying readiness for IOT&E.  IOT&E helps support the milestone decision authority's final production decision.

## SPAWAR Canceled Policy on Waivers and Deferrals

The deficiencies in managing waiver requests and presenting insufficient OTRR briefings occurred because Navy policy did not clearly state that program managers must request waivers whenever their program does not meet all criteria required to start IOT&E.  In May 2009, SPAWAR Notice 3960[16] canceled the SPAWAR Instruction 3960.3E,[17] which included a checklist to certify readiness for operational evaluation.  The SPAWAR Notice 3960 does not include any guidance on the OTRR process or when and how to request waivers and deferrals.

Navy policy[18] requires periodic reviews of directives making sure they comply with standards and procedures and recommends that the issuing authority conduct those reviews annually.  According to SPAWAR staff, the SPAWAR Test and Evaluation Integrated Product Team is currently developing SPAWAR Instruction 3960.3F.[19]  The Commander, SPAWAR should make sure the SPAWAR Instruction 3960.3F, "Test and Evaluation," references and provides guidance to implement the revised Secretary of the Navy Instruction 5000.2E.

---

[16] SPAWAR Notice 3960, "SPAWAR 5.0 Guidance, Standard Policies, Procedures and Process for Test, Evaluation, and Certification (TE&C) for Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR) Systems, Space Systems (SS), and Enterprise Information Systems (EIS)," May 6, 2009.

[17] SPAWAR Instruction 3960.3E, "Test and Evaluation," June 23, 1992.

[18] OPNAVINST 5215.17, "Navy Directives Issuance System," June 13, 2005, Enclosure 1, paragraph 3b (4).

[19] SPAWAR Instruction 3960.3F, "Test and Evaluation," expected to be issued in late 2015.

## Conclusion

The NMT entered and completed IOT&E with unresolved deficiencies that affected software maturity and reliability. NMT did not fully meet its primary requirements to provide Navy Forces with worldwide secure, protected, and survivable AEHF satellite communications. The program manager delayed the final production decision for one year to take corrective action and make sure the NMT was sufficiently reliable to meet the communication needs for supporting the Navy's long-term deployments.

Additionally, because the program managers for the four programs did not prepare documentation for the OTRR briefings that captured program accomplishments against each certification requirement, the PEO and other stakeholders could not fully consider program readiness for entering IOT&E during the OTRR briefing.

## Department of the Navy Comments on the Finding and Our Response

The Deputy Department of the Navy Test and Evaluation Executive, responding for the Commander, Space and Naval Warfare Systems Command provided the following comments on the finding. The Deputy also provided comments on the Inspector General, DoD process for staffing the discussion draft. Appendix D provides a summary of the comments on the discussion draft and our response. For the full text of the Deputy's comments, see the Management Comments section of the report.

The Deputy partially agreed with the finding and acknowledged that the policy in SECNAVINST 5000.2E needs updating to clarify leadership expectations of OTRR processes. The Deputy also stated that an update to SECNAV 5000.2E was ongoing. The following pages summarize the Deputy's disagreements on the adequacy of the Navy's processes for requesting waivers and conducting OTRRs, the Navy's application of the OTRR process for the NMT program, and the relevancy of the SPAWAR policy the finding references.

### *Adequacy of the Navy's Processes for Requesting Waivers and Conducting Operational Test Readiness Reviews*

The Deputy stated the report's finding - because program managers did not request waivers, the systems did not meet performance requirements, and the PEO could not effectively consider program readiness for IOT&E – incorrectly implies that the only information discussed at the OTRR is about certification criteria not met. Additionally, the finding incorrectly implies the only information provided to the PEO to support his or her decision is during the OTRR.

The Deputy stated the OTRR is a culmination of many months of program office and stakeholder effort to determine the status of the 20 certification criteria and how much detail to include in the OTRR briefing charts.  In addition, there are many layers of expert reviews making sure that the PEO has objective data to make an informed decision at the OTRR.

The Deputy also stated the finding was incomplete because it did not state that the four program managers provided documentation before the OTRR briefings that captured program accomplishments against each certification criteria.  It is efficient to encourage the program manager to provide and successfully coordinate this documentation through official forums, like the test and evaluation working integrated product team, which includes staff from the PEO, program office, and other stakeholders.  Individuals on the test and evaluation working integrated product team can inform their leadership before the OTRR on the status of documentation that captured program accomplishments against each certification criteria.

## Our Response

We recognize during OTRR program staff provide the PEO and other stakeholders with information beyond how the program manager accomplished criteria to certify readiness for IOT&E and that there are multiple levels of program review.  However, when program managers request waivers, it serves to highlight to the PEO and other stakeholders specific shortfalls from the criteria that programs must normally meet, according to SECNAVINST 5000.2E, to demonstrate they are ready to enter IOT&E.  The Navy has long recognized the importance of meeting these IOT&E certification criteria and of requesting waivers for any deviations.  Specifically, with only minor wording changes, the same 20 certification criteria and provisions to request waivers in the SECNAVINST 5000.2E were also provided in earlier versions of this Instruction, back to and including SECNAVINST 5000.2C, dated November 19, 2004.  In addition, the Deputy agreed, to issue interim guidance to make sure the OTRR briefing charts include a summary that discusses each of the 20 certification criterions in adequate detail to support the program office assessment in his response to a recommendation in Report No. DODIG-2015-122.[20]  This guidance will go into effect before the Navy completes its overall update of the SECNAVINST 5000.2E.

We disagree with the Deputy's statement that the finding was incomplete because it did not state that the four program managers provided documentation before the OTRR briefings that captured program accomplishments against each certification criteria.  The report did state that the four programs provided documentation

---

[20]  Report No. DODIG-2015-122, "Naval Air Systems Command Needs to Improve Management of Waiver Requests," May 15, 2015.

before the OTRR showing that the program met the 20 certification criteria. In the finding section "Operational Test Readiness Review Briefing Charts Need to Address Certification Criteria" we acknowledge that program office staff stated the program managers updated the PEOs on the status of meeting the 20 certification criteria in meetings before the OTRR. Program office staff also stated that the program manager provided supporting documentation to show the program met the criteria.

## *Operational Test Readiness Review Briefing Charts Need to Address Certification Criteria*

The Deputy stated that the finding statements on the NMT program are:

- inaccurate because they conclude in Table 1 that the program did not meet a certification criterion relating to manning levels. Specifically, the program office reported the manning levels to simulate normal operating conditions in the NMT OTRR briefing charts. Further, the NMT Government Test Team requested the test assets for the IOT&E via the fleet service request process. This information was included in the NMT Development Test/Integrated Test C1 site briefs and the 2010 TEMP.

- incomplete because they do not state that the program manager delayed the final production decision following IOT&E to successfully correct and verify the deficiencies identified during IOT&E. The Commander, Operational Test and Evaluation Force, concluded the NMT was operationally suitable in October 2012 and the Director, Operational Test and Evaluation, reported the NMT was operationally suitable in December 2012.

- inaccurate and incomplete because the approved NMT 2011 TEMP documented that testing, prior to the availability of the AEHF satellite, could evaluate the NMT's compatibility, functions, and whether it could perform its operational missions. The NMT program manager was directed to document the plan to test the extended data rate capability during follow-on operational testing, in the 2010 and 2011 TEMP. The Director, Operational Test and Evaluation, approved the IOT&E plan with full knowledge of this limitation.

## *Our Response*

We disagree with the Deputy's comments that Table 1 is inaccurate regarding NMT program not meeting the certification criterion relating to manning levels. We did not state that the NMT program did not meet the manning levels certification criteria. The table in the report identifies OTRR criteria not supported in OTRR

briefing charts by one or more programs reviewed.  The NMT OTRR briefing charts listed the manning level certification criteria as met; however, there were no details provided on how the program met the criteria or a reference to the TEMP where manning was reported.  Including this information in the OTRR briefing charts would better inform the chairperson or other stakeholders responsible for determining whether the program should enter into IOT&E supporting the final production decision.

We agree the report did not state that the NMT program manager delayed the final production decision to successfully correct and verify the deficiencies identified during IOT&E.  We revised the report conclusion section to give the program manager credit for delaying the final production decision and taking corrective action to address the deficiencies identified during IOT&E.

We agree that the NMT program manager had approval to test the NMT's capabilities without the AEHF satellite being available and deleted this section in our draft report.

### Relevancy of the Space and Naval Warfare Systems Command Policy the Finding References

The Deputy stated the finding was not current or accurate because the referenced "internal guidance" was an unsigned draft SPAWAR policy that had not been distributed to the program.  Therefore, the comparisons made in Appendix C of the draft report are not relevant, as they compare an unsigned, undistributed policy memorandum to the SECNAVINST 5000.2 criteria.  In addition, the Deputy stated that the comparison was not relevant because the approved PEO operational guide was distributed before any of the PEO Command, Control, Communications, Computers and Intelligence and Space programs were ready for IOT&E.

### Our Response

Based on the Deputy comments that the "internal guidance" referenced in the draft report was a draft policy that was not signed or distributed to the program office, we deleted references to the "internal guidance," including the comparisons of the SECNAV and PEO policies that showed the six criteria the PEO policy did not include.

## Recommendation and Our Response

**We recommend the Commander, Space and Naval Warfare Systems Command, to make sure the Space and Naval Warfare Instruction 3960.3F, "Test and Evaluation," references and provides guidance to implement the Navy policy in the planned revision of Secretary of the Navy Instruction 5000.2E, "Department of the Navy Implementation and Operation of the Defense Acquisition System and the Joint Capabilities Integration and Development System."**

### *Department of the Navy*

The Deputy Department of the Navy Test and Evaluation Executive, responding for the Commander, Space and Naval Warfare Systems Command, agreed, stating that SPAWAR plans to distribute an updated Test and Evaluation policy (SPAWAR Instruction 3960.5). He stated the updated instruction will address roles and responsibilities and will clarify guidance requiring SPAWAR programs to follow the OTRR waiver process, as documented in SECNAVINST 5000.2E. The Deputy stated the updated SPAWAR Instruction 3960.5 is expected to be released by November 2015.

### *Our Response*

The Deputy addressed the specifics of the recommendation, and no further comments are required.

# Finding B

## Navy Systems Commands Need to Improve Management of Waivers and Deferrals

Navy program managers and system sponsors within the Office of the CNO did not fully implement Navy policies for requesting waivers and deferrals before certifying program readiness for IOT&E supporting the final production decision. Our review of nine[21] Navy acquisition programs that entered final production between April 14, 2012, and April 14, 2014, showed that program managers on:

- four programs did not request waivers when those programs did not meet all IOT&E certification requirements;

- five programs had OTRR briefings that did not clearly document what they had done to meet certification criteria; and

- one program did not request deferrals from testing planned to demonstrate system requirements during IOT&E.

These conditions occurred because Navy policy did not clearly state that program managers must request a waiver whenever a program does not meet all criteria required to enter IOT&E and request a deferral to delay testing.

Additionally, Navy system sponsors for one program did not obtain agreement from the Joint Chiefs of Staff (JCS) that three deferrals would not unacceptably affect military use before independently granting the deferrals.  This occurred because Navy policy did not require sponsors to communicate to the JCS their decision to grant a deferral to a program designated as Acquisition Category I, or of JCS interest.

As a result, program manager and sponsor implementation of Navy waiver and deferral policy permitted six of nine programs reviewed to complete IOT&E with unresolved deficiencies that negatively impacted performing the primary missions.

---

[21]   We found that one of nine programs reviewed had multiple problems implementing Navy policy.

## Program Should Have Requested Additional Waivers or Deferrals

For four of nine programs reviewed, we found that program managers did not request waivers when those programs did not meet all IOT&E certification requirements. The following sections describe the criteria that were not met and how these shortfalls diminished mission effectiveness.

### P-8A Poseidon Aircraft Program

DODIG-2015-122,[22] reported the P-8A program manager did not meet 4 of 20 criteria specified in SECNAVINST 5000.2E to certify readiness for IOT&E. Although the P-8A program manager requested a waiver from the flight-deficiency criteria, he did not request a waiver for three additional criteria. Specifically, the program manager did not request waivers when:

- the TEMP system performance requirements were not, or were not projected to be, satisfied;

- necessary logistics support (spares, repair parts, and equipment) was not available for IOT&E; and

- the Joint Interoperability Test Command had not concurred that program interoperability[23] was sufficient to enter IOT&E.
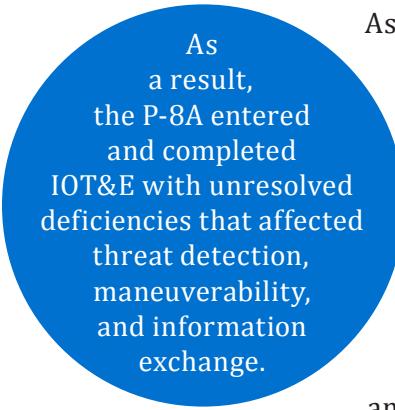
As a result, the P-8A entered and completed IOT&E with unresolved deficiencies that affected threat detection, maneuverability, and information exchange.

As a result, the P-8A entered and completed IOT&E with unresolved deficiencies that affected threat detection, maneuverability, and information exchange. These deficiencies diminished the P-8A's ability to perform the aircraft's primary missions of anti-submarine warfare; anti-surface warfare; and intelligence, surveillance, and reconnaissance. During follow-on testing, the P-8A did not meet performance thresholds for four critical technical parameters and two effectiveness measures.

### Distributed Targeting System

DODIG-2015-122 identified that the Distributed Targeting System (DTS) program manager did not request a waiver when performance requirements in the TEMP for system reliability were not, or were not projected to be, satisfied. As a result, the DTS entered and completed IOT&E with unresolved deficiencies that affected reliability. The unresolved deficiencies reduced the DTS's reliability to perform the amphibious warfare mission. Almost 8 months after the IOT&E

---

[22]  Report No. DODIG-2015-122, "Naval Air Systems Command Needs to Improve Management of Waiver Requests," May 15, 2015.

[23]  The ability to support military operations and effectively exchange information.

report, the memorandum[24] from the Commander, Operational Test and Evaluation Force, did not include the reliability deficiency as one that the program manager had corrected.

## *Identity Dominance System*

DODIG-2015-172[25] identified that the Identity Dominance System (IDS) program manager did not request a waiver for system performance requirements identified in the TEMP to match fingerprints in a timely manner against those in a 100,000-person watch list. In addition, the IDS program manager did not comply with the requirement in SECNAVINST 5000.2E to request deferrals through the CNO (N84) for delays in testing requirements directed in the TEMP. The delayed testing involved demonstrating 23 system characteristics from the program requirements document. As a result, the IDS program completed IOT&E with unresolved deficiencies and reduced mission effectiveness. The IDS deficiencies slowed the system's ability to match fingerprints against terrorists and other persons of interest in watch lists. At final production, the program manager had accepted 32 IDS systems valued at $1.1 million that could not fully perform the assigned missions.
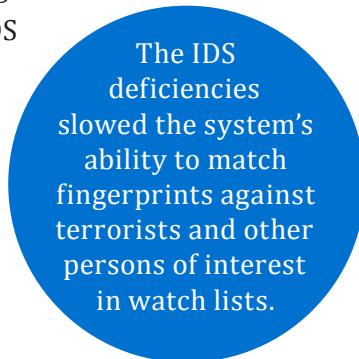
> The IDS deficiencies slowed the system's ability to match fingerprints against terrorists and other persons of interest in watch lists.

## *Navy Multiband Terminal*

As discussed in Finding A of this report, the NMT program manager did not meet 3 of 20 criteria SECNAVINST 5000.2D requires to certify for IOT&E readiness. Although the program manager requested a waiver from the criterion for having an approved TEMP, he did not request a waiver for two additional criteria. Specifically, the program manager did not request waivers when:

- the TEMP system performance requirements were not, or were not projected to be, satisfied; and
- software was not sufficiently mature and stable for fleet use.

As a result, the NMT entered and completed IOT&E with unresolved deficiencies that affected system reliability and software maturity. NMT did not fully meet its primary requirements to provide Navy Forces with worldwide secure, protected, and survivable communications. On October 15, 2012, almost one year after the IOT&E report, the Commander, Operational Test and Evaluation Force,[26] said the NMT system reliability had significantly improved from that identified during IOT&E and now met the reliability requirement.

---

24  "Verification of Correction of Deficiencies (VDC) of the Distributed Targeting System (DTS)," August 1, 2013.

25  Report No. DODIG-2015-172, "Naval Sea Systems Command Needs to Improve Management of Waiver and Deferrals Requests," September 14, 2015.

26  "Verification of Correction of Deficiencies of the Navy Multiband Terminal System," October 15, 2012.

## Lack of Evidence of Accomplishments in Briefing Charts for Operational Test Readiness Reviews

For five of nine programs reviewed, we found OTRR briefings did not clearly document what they had done to meet certification criteria.  DODIG-2015-122 stated the OTRR briefing charts for the E-2D from February 1, 2012, including backup charts, did not show evidence of how the program manager met 9 of 20 certification criteria on the OTRR Checklist Summary.  However, after reviewing briefing charts,[27] which were not part of the OTRR briefing, we found support for those nine criteria.  Without including the information found in those briefing charts, the OTRR did not fully inform the chairperson or other stakeholders as to whether the program should have entered into IOT&E in support of the final production decision.  Because of our audit, the Navy is revising its policy that clarifies the need to include a summary in the OTRR briefing charts and make sure the summary discusses each criterion in adequate detail to support the program office assessment.  See Appendix C for details on past recommendations and Navy-planned corrective actions.

As discussed in Finding A of this report, the OTRR briefing charts for NMT, TacMobile, DMR, and CND did not show evidence that the program manager met all 20 criteria on the OTRR Checklist Summary.  Table 1, in Finding A, lists the six criteria not supported in OTRR briefing charts by one or more programs reviewed.  Without including the information found in those briefing charts, the OTRR did not fully inform the chairperson or other stakeholders that the program should have entered into IOT&E supporting the final production decision.

## Programs Should Have Had Joint Chiefs of Staff Assessment of Deferrals

For one of nine programs reviewed, Navy system sponsors did not obtain JCS agreement that three deferrals would not affect military use before independently granting the deferral.  DODIG-2015-172 showed that the Director, Surface Warfare (N96), Standard Missile-6, (SM-6) did not communicate with the JCS concerning these deferrals until nearly two years after delaying the testing of primary requirements.  The Joint Chiefs of Staff Instruction[28] requires sponsors and the JCS interaction when there are schedule changes that require validating

---

27  "E-2D AHE Road to IOT&E Deep Dive," January 12, 2012.

28  Chairman, Joint Chiefs of Staff Instruction 3170.01I, "Joint Capabilities Integration and Development System," January 23, 2015, Enclosure A, "Joint Capabilities Integration and Development System," page A-17 Section (f) "Event Driven Reviews."

primary requirement modifications. This interaction allows JCS to assess continued military system usefulness and may result in a program evaluation or modification to production increments.[29]

The report also states the JCS's assessment of the impact of approved deferrals was delayed almost two years after the sponsor granted them. This occurred because the SM-6 program sponsor did not notify the JCS in a timely manner about deferring testing of the system's ability to meet three primary requirements. The SM-6 deferrals involved delaying testing of missile range, availability, and interoperability. At the time of the final production decision, SM-6 program staff stated that the Navy had accepted 41 SM-6 missiles valued at $148.3 million. While CNO staff stated the systems improved existing capability, they could not fully perform their assigned missions.

> The SM-6 deferrals involved delaying testing of missile range, launch availability, and interoperability.

## Waivers or Deferrals Diminished Mission Effectiveness

For six of nine programs reviewed, the waivers or deferrals resulted in diminished mission effectiveness of the systems delivered. DODIG-2015-122 reported the P-8A, E-2D, and the DTS programs entered and completed IOT&E with unresolved deficiencies that affected threat detection, maneuverability, information exchange, and reliability. DODIG-2015-172 identified that the IDS completed IOT&E with unresolved deficiencies that affected its ability to detect terrorists. Additionally, the report identified that the SM-6 completed IOT&E without demonstrating primary system requirements for increased missile range, availability, and interoperability. As discussed in Finding A of this report, the NMT entered and completed IOT&E with unresolved deficiencies that affected software maturity and reliability.

## Summary

We found that:

- four of nine programs should have requested additional waiver or deferrals;
- five of nine programs lacked evidence of accomplishments in OTRR briefing charts;
- one of nine programs should have had JCS assessments of deferrals; and
- six of nine programs had waivers or deferrals that diminished mission effectiveness.

---

29 "Manual for the Operation of the Joint Capabilities Integration and Development System," (JCIDS), February 12, 2015 version – Appendix A to Enclosure D, "Development of Key Performance Parameters, Key System Attributes, and Additional; Performance Attributes, Section 1, "Overview;" January 19, 2012 version – Appendix A to Enclosure B, "Key Performance Parameters and Key System Attributes," Section 1, "Overview;" and January 31, 2011 version – Enclosure B, "Performance Attributes and Key Performance Parameters," paragraph 1.b.

The following table summarizes results for each program reviewed.

*Table 2. Summary of Audit Results by Command and Program*

| System Commands | Programs Reviewed | Should Have Requested Additional Waiver or Deferrals | Lack of Evidence of Accomplishments in OTRR Briefing Charts | Should Have Had JCS's Assessment of Deferrals | Waivers or Deferrals Diminished Mission Effectiveness |
|---|---|---|---|---|---|
| NAVAIR | P-8A | X[1] | | | X |
| | E-2D | | X | | X |
| | DTS | X | | | X |
| NAVSEA | SM-6 | | | X | |
| | IDS | X[1,2] | | | X |
| SPAWAR | NMT | X[1] | X | | X |
| | TacMobile | | X | | |
| | DMR | | X | | |
| | CND | | X | | |

[1] The program manager did not request waivers for all certification criteria not met.
[2] The program manager did not request deferrals for IOT&E testing no longer planned.

## Planned Management Action

The Deputy Department of the Navy Test and Evaluation Executive plans to issue interim guidance to address the waiver and deferral process, which will go into effect before the Navy completes its overall update of the SECNAVINST 5000.2E. The interim guidance will:

- replace the term "waiver" with "deviation from SECNAV policy," meaning the PEO is notifying the Assistant Secretary of the Navy for Research, Development, and Acquisition that a program will proceed to operational testing without achieving one or more of the 20 specified certification criteria;

- replace the term "deferral" with "deferral of test requirements," which will apply to a delay in testing capabilities identified in the current requirements document and agreed to in the TEMP;

- emphasize that the PEO identify which of the 20 certification criteria did not meet requests for a deviation in the OTRR certification message and state why the decision was made to proceed to operational testing without having met those specific criteria; and

- clarify the need to include a summary of the program office assessment of the 20 certification criteria in the OTRR briefing charts and make sure the summary discusses each criterion in adequate detail to support the program office assessment.

Therefore, we did not make additional recommendations.

## Management Comments on the Finding and Our Response

Although not required to comment, the Deputy Department of the Navy Test and Evaluation Executive provided comments on the finding. A summary of the Deputy's comments, along with our response, follows below. For the full text of the Deputy's comments, see the Management Comments section of the report.

### *Department of the Navy Comments*

The Deputy partially agreed with the finding, and provided the following comments on the portions of the finding where he did not agree.

- The finding implies the only way the program manager and PEOs are informed of a system's required capabilities and determines whether the system is ready to proceed to operational testing is through reading a detailed requirements document. The Deputy stated that this incorrectly assumed the requirement document is the only vehicle for conveying programmatic information to the PEO and program manager. Rather, resource sponsors, program managers, and PEOs are in daily communications discussing risk, cost, performance, and schedule; numerous technical and fiscal realities, as well as actual system capabilities, all affect the decision to test or field the system with a specific performance level.

- Adding the requirement for the Joint Requirements Oversight Council of the JCS to approve waivers or deferrals would be a significant administrative burden. SECNAVINST 5000.2E, paragraph 4.6.2.2, states that when PEOs certify readiness for operational tests with exceptions, they must send a message to CNO N84 and provide copies to the program sponsor for their formal concurrence, and to the Assistant Secretary of the Navy for Research, Development, and Acquisition; and the Commander, Operational Test and Evaluation Force. PEOs have Title 10 responsibility, delegated from the CNO, to develop requirements for systems that will equip the fleet. The SECNAVINST 5002.E policy ensures that the PEOs have executed that responsibility and have determined system capabilities are adequate before proceeding to operational testing. The Navy views the existing SECNAV policy as providing adequate oversight.

## *Our Response*

We recognize that during the OTRR, program staff provided the PEO and other stakeholders with information beyond how the programs accomplished the criteria to certify readiness for IOT&E, and that there are multiple levels of program review.  However, when waivers are requested by program managers, they serve to highlight to the PEO and other stakeholders the specific shortfalls from the criteria that programs must normally meet, according to SECNAVINST 5000.2E, to demonstrate that they are ready to enter IOT&E.

Regarding the need for JCS approval of waivers and deferrals in DODIG-2015-172,[30] we revised that report to state that the PEO and CNO staff, and not the JCS, were responsible for assessing whether system shortfalls impact meeting program requirements when certifying a system to proceed to IOT&E.  However, the JCS Deputy Chief commented that a "potential gap in the risk-assessment mechanism" existed whenever service managers decided internally to defer operational testing of primary system requirements.  These deferrals can enable programs like the SM-6 to move forward to meet initial operational capability dates and to avoid the requirement for a JCS Joint Requirements Oversight Council review.  The Deputy Chief suggested we add a recommendation to revise JCIDS procedures to close this risk-assessment gap.  As a result, we added a recommendation in the NAVSEA final report to the Vice Chairman, JCS to revise the JCIDS procedures to close the risk assessment gap.  We also revised our original recommendation, in Report No. DODIG-2015-172, to the Secretary of the Navy to recommend that he revise the SECNAVINST 5000.2E, to align with the revisions the Vice Chairman, Joint Chiefs of Staff, makes to the JCIDS Manual.

---

[30]  Report No. DODIG-2015-172, "Naval Sea Systems Command Needs to Improve Management of Waiver and Deferrals Requests," September 14, 2015.

# Appendix A

## Scope and Methodology

We conducted this performance audit from March 2015 through July 2015 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We interviewed key personnel and performed fieldwork at the following organizations:

- Joint Staff J-8 Force Structure, Resource, and Assessment, Washington D.C.;
- Director, Operational Test and Evaluation, Washington D.C.;
- Assistant Secretary of the Navy for Research, Development, and Acquisition, Washington D.C.;
- Director, Innovation, Test, and Evaluation, and Technology Requirements, Washington D.C.;
- Commander, Operational Test and Evaluation Force, Norfolk, Virginia;
- P-8A Poseidon Aircraft Program Office, Patuxent, Maryland;
- E-2D Advanced Hawkeye Aircraft Program Office, Patuxent, Maryland;
- Distributed Targeting System Program Office, Patuxent, Maryland;
- Identity Dominance System Program Office, Washington D.C.;
- Standard Missile-6 Program Office, Arlington, Virginia;
- Navy Multiband Terminal Program Office, San Diego, California;
- Digital Modular Radio Program Office, San Diego, California;
- Tactical Mobile Program Office, San Diego, California; and
- Computer Network Defense Program Office, San Diego, California.

We collected, reviewed, and analyzed documents dated April 1988 through February 2015. We reviewed requirements documents, test and evaluation plans and reports, operational test readiness review checklists and briefing charts, and program certification messages that requested waivers and deferrals to determine whether Navy staff adequately justified, reviewed, and approved the waiver and deferral of operational testing requirements for the acquisition of Navy systems.

Additionally, we reviewed program planning and reporting documents and compared them to the policies and guidance in the following DoD and Navy issuances.

- Chairman of the Joint Chiefs of Staff Instruction 3170.01H, "Joint Capabilities Integration and Development System," January 10, 2012;

- "Manual for the Operation of the Joint Capabilities Integration and Development System," January 19, 2012;

- "Manual for the Operation of the Joint Capabilities Integration and Development System," February 12, 2015;

- Defense Acquisition Guidebook, September 16, 2013;

- Secretary of the Navy Instruction 5000.2E, "Department of the Navy Implementation and Operation of the Defense Acquisition System and the Joint Capabilities Integration and Development System," September 1, 2011;

- Secretary of the Navy Manual 5000.2, "Department of the Navy Acquisition and Capabilities Guidebook," May 9, 2012;

- NAVAIR Instruction 3960.2D, "Acquisition Test and Evaluation," May 30, 2012; and

- NAVSEA Instruction 3960.2D "Test and Evaluation," April 22, 1988.

## Selection of Programs to Review

We obtained a query from the database of the Assistant Secretary of the Navy for Research, Development and Acquisition Information Systems to identify Navy systems-acquisition programs that received a final production decision from April 14, 2012, through April 14, 2014. We identified nine Navy programs and conducted a 100 percent review of those programs to evaluate the command's management of the waiver and deferral process.

## Use of Computer-Processed Data

We did not use computer-processed data to perform this audit.

## Prior Coverage

During the last 5 years, the Department of Defense Inspector General (DoD IG) issued three reports that discussed operational test waivers and deferrals. Unrestricted DoD IG reports can be accessed at http://www.dodig.mil/pubs/index.cfm.

## *DoD IG*

Report No. DODIG-2015-172, "Naval Sea Systems Command Needs to Improve Management of Waiver Requests," September 14, 2015

Report No. DODIG-2015-122, "Naval Air Systems Command Needs to Improve Management of Waiver Requests," May 15, 2015

Report No. DODIG-2013-088, "The Navy P-8A Poseidon Aircraft Needs Additional Critical Testing Before the Full-Rate Production Decision," June 10, 2013

# Appendix B

## Background on Programs Selected for Review

We identified nine acquisition programs that received final production decisions from April 14, 2012, through April 14, 2014: the P-8A Poseidon aircraft, E-2D Advanced Hawkeye aircraft, Distributed Targeting System (DTS), Identity Dominance System (IDS), Standard Missile-6 (SM-6), Navy Multiband Terminal (NMT), Digital Modular Radio (DMR), Tactical Mobile (TacMobile) and Computer Network Defense (CND).  The following sections describe the NAVAIR and NAVSEA programs we reviewed.  We discuss the SPAWAR programs in the Introduction section of this report.

### P-8A Poseidon Aircraft

The P-8A Poseidon aircraft program is an Acquisition Category ID[31] major defense-acquisition program that had its final production decision on January 3, 2014.  The Navy designed the P-8A Poseidon to replace the aging P-3C Orion aircraft.  Like the P-3C, the P-8A aircraft provides capabilities for three principal missions:

- anti-submarine warfare;
- anti-surface warfare; and
- intelligence, surveillance, and reconnaissance in maritime operations.

The Capability Production Document[32] (the system requirements document) states that the anti-submarine warfare mission, which detects, tracks, and destroys or neutralizes hostile submarines, was the primary reason the Navy invested in the P-8A aircraft.  The anti-surface warfare mission provides maritime superiority against surface vessels and a common sea-surface picture.  The intelligence, surveillance, and reconnaissance mission provides a flexible and responsive intelligence-gathering capability in support of Joint, Naval, and national interests.

The Navy sought to expedite procuring and deploying the P-8A Poseidon because of concerns with airframe corrosion on the P-3C Orion.  While P-3C Orion fatigue has remained a persistent risk, the Navy has inspection, repair, and modification efforts in place to sustain the P-3C Orion fleet until the P-8A Poseidon began replacing the P-3C Orion in 2013.  As discussed in DoD IG Report 2013-088,[33] the P-8A Poseidon

---

[31] Acquisition category ID is a program for which the Under Secretary of Defense for Acquisition, Technology, and Logistics estimates eventual total expenditure for research, development, test, and evaluation of more than $480 million in FY 2014 constant dollars or, for procurement, of more than $2.79 billion in FY 2014 constant dollars.

[32] "Capability Production Document for the United States Navy P-8A Poseidon Multi-Mission Maritime Aircraft (MMA)," Increment 1, June 22, 2009.

[33] Report No. DoDIG-2013-088, "The Navy P-8A Poseidon Aircraft Needs Additional Critical Testing Before the Full-Rate Production Decision," June 10, 2013.

had uncorrected system deficiencies that impacted the above-mission capabilities entering IOT&E.  However, Navy managers accepted the risk from diminished capabilities and allowed the program to enter into IOT&E, without having to fully correct the deficiencies until after the final production decision.

## *E-2D Advanced Hawkeye Aircraft*

The E-2D Advanced Hawkeye aircraft program is an Acquisition Category IC major defense-acquisition program that had its final production decision on March 1, 2013.  The E-2D aircraft is an all-weather, twin-engine, carrier-based, airborne command, control, and surveillance aircraft designed to extend task force defense boundaries.  The aircraft's mission includes:

- advance warning of approaching enemy surface units and aircraft;
- guide interceptor or attack aircraft;
- area surveillance, intercept, and search and rescue;
- communications relay; and
- air traffic control.

The E-2D aircraft replaces the E-2C, multi-mission airborne early-warning and airborne battle-management command-and-control aircraft.

## *Distributed Targeting System*

The DTS is an Acquisition Category III[34] program that had its final production decision on April 19, 2013.  The DTS will improve attack accuracy using on-board processing of the F/A-18E/F Super Hornet aircraft.  The DTS compares the geographic imagery of the ground below from aircraft sensors against reference images in a database at the National Geospatial-Intelligence Agency.  DTS generates a match based on similarities between the images to generate targeting coordinates.  This capability will better enable the F/A-18E/F aircraft to perform air-controller, attack-coordination, and reconnaissance missions and to conduct attacks on stationary land targets, such as mobile missile units.

---

[34]  Acquisition category III is an acquisition program for which the DoD Component Head estimates eventual total expenditure for research, development, test, and evaluation of less than $185 million in FY 2014 constant dollars or, for procurement, less than $835 million in FY 2014 constant dollars.

### *Standard Missile-6*

SM-6 program is an Acquisition Category ID major defense acquisition program that had its final production decision on July 15, 2013.  The SM-6 extended-range active missile will provide ship self-defense, fleet-area defense, and theater air defense for sea- and shore-based forces.  The SM-6 extended-range active missile is a surface-to-air supersonic missile, launched from AEGIS Cruisers and Destroyers, capable of successfully engaging manned and unmanned, fixed- or rotary-wing aircraft, and land-attack or anti-ship cruise missiles in flight.

### *Identity Dominance System*

The IDS is an Acquisition Category IVT[35] program that had its final production decision in June 2013.  The IDS is a man-portable biometrics collection-and-matching and digital-media-collection system intended to support expanded maritime interception operations.  The fundamental purpose of the IDS is to provide the Navy with an integrated capability to fix the identity of unknown persons.  There are two key aspects of this capability.  First, IDS will enable the Navy to rapidly establish or verify the identity of individuals, and will improve the capability to update, manage, and share that information.  Second, IDS will enable the collection of digital forensic data related to identity dominance.  The system will be a combat multiplier in overseas contingency operations where forces need to fix the identity of unidentified individuals.

---

[35]   Acquisition programs in the Navy and Marine Corps not otherwise designated as ACAT III are designated ACAT IV. An ACAT IVT program requires operational test and evaluation.

# Appendix C

## Prior Recommendations and Status

DODIG-2015-122, "Naval Air Systems Command Needs to Improve Management of Waiver Requests," May 15, 2015, recommended policy changes to:

- better direct Navy program managers and weapons system sponsors in requesting waivers and deferrals when required;
- conduct OTRR briefings that clearly demonstrate program accomplishments against IOT&E certification requirements; and
- allow the JCS to fully assess the impact of waivers and deferrals on the military usefulness of weapons developed under programs designated as Acquisition Category I, or of interest to the JCS.

In response to our recommendations, the Deputy Department of the Navy Test and Evaluation Executive, responding for the Assistant Secretary of the Navy for Research, Development and Acquisition, agreed to update policy for requesting waivers and deferrals, clarifying that those Navy managers must clearly demonstrate program accomplishments in the OTTR briefings.  The Deputy also plans to issue interim guidance to address the waiver and deferral process.  The interim guidance will:

- replace the term "waiver" with "deviation from SECNAV policy," which means the PEO will notify the Assistant Secretary of the Navy for Research, Development and Acquisition, that a program is proceeding to IOT&E without achieving one or more of the 20 specified certification criteria for starting this test phase;
- replace the term "deferral" with "deferral of test requirements," which will apply to a delay in testing capabilities identified in the current requirements document and agreed to in the TEMP;
- emphasize that, when requesting a deviation in the OTRR certification message, the PEO identifies which of the 20 certification criteria were not met and states why the decision was made to proceed to operational test without meeting those specific criteria; and
- clarify the need to include a summary in the OTRR briefing charts of the program office assessment of the 20 criteria and make sure the summary discusses each criterion in adequate detail to support the program office assessment.

The Deputy, responding for the Assistant Secretary of the Navy for Research, Development and Acquisition, did not agree with a recommendation to require sponsors of acquisition programs designated as Acquisition Category I, or of interest to the Joint Capability Board or the Joint Requirements Oversight Council, to certify to the Vice Chairman, Joint Chiefs of Staff that:

- approved waivers of certification criteria do not adversely impact primary requirements; or
- if a proposed waiver of certification criteria, such as the criteria to meet system performance requirements in the test and evaluation master plan, does adversely impact primary requirements, that the system continues to have military utility as described in the JCIDS Manual before approving the waiver.

The Deputy said that adding a requirement to have the JROC approve a waiver would drive many flag-level briefings before the waiver and would even leave the Navy to start joint staffing.

In response to the Deputy's comments, we said the updated JCIDS Manual[36] clearly states that the validation authority is within the Joint Chiefs of Staff for Acquisition Category I programs, such as the P-8A and E-2D aircrafts, and for programs designated of interest to the Joint Capability Board or the Joint Requirements Oversight Council of the JCS.  Therefore, we requested that the Deputy provide additional comments on the final report that explain how he would comply with the JCIDS Manual, but not inform JCS when the PEO programs do not meet primary requirements.

DODIG-2015-172, "Naval Sea Systems Command Needs to Improve Management of Waiver and Deferral Requests," September 14, 2015 recommends policy changes to require sponsors of acquisition programs designated as Acquisition Category I or of interest to the Joint Chiefs of Staff, to notify the Joint Chiefs of Staff and allow them to re-evaluate the program requirements before they agree with deferrals that delay testing of primary requirements.  The Deputy Department of the Navy Test and Evaluation Executive, responding for the Secretary of the Navy, stated in his comments to the draft report that the PEO and CNO staffs, and not the JCS, were responsible for assessing whether a system's shortfalls impact meeting program requirements when certifying a system to proceed to IOT&E.  Therefore, we added a recommendation to the Vice Chairman, JCS to revise the JCIDS procedures to close the risk assessment gap and revised the recommendation to Secretary of the Navy to recommend that he revise the SECNAVINST 5000.2E, to align with the revisions the Vice Chairman makes to the JCIDS Manual.  We requested the Vice Chairman, JCS and Secretary of the Navy to respond to the final report.

---

[36]  "Manual for the Operation of the Joint Capabilities Integration and Development System," February 12, 2015 (updated JCIDS Manual).

Additionally, in DODIG-2015-172, we recommended that the Commander, NAVSEA, update internal policy on waivers and deferrals to reference and implement Navy policy in the planned revision of Secretary of the Navy Instruction 5000.2E, "Department of the Navy Implementation and Operation of the Defense Acquisition System and the Joint Capabilities Integration and Development System." The Deputy Department of the Navy Test and Evaluation Executive responding for the Commander, NAVSEA, agreed with the recommendation.

# Appendix D

## Management Comments and Our Response

The Deputy Department of the Navy Test and Evaluation Executive, responding for the Commander, Space and Naval Warfare Systems Command, provided the following comments.  For the full text of the Deputy's comments, see the Management Comments section of the report.

### Department of the Navy Comments

The Deputy stated that the 3-day staffing time for the discussion draft is not adequate to allow for full review and staffing, especially when delivered without any warning.  The Deputy recommends that either the audit team:

- eliminate the initial discussion draft review and only conduct the formal 30-day review, with a formal adjudication process; or
- extend the timeline for the discussion draft review to 7 days to provide the Navy adequate time to thoroughly review and comment on the discussion draft.

The Deputy further stated that the Navy is concerned that the audit team did not incorporate previously provided comments to the discussion draft in the draft report.  Also, the Navy was not provided an opportunity to adjudicate in order to make sure the audit team understood the Navy comments.  The Deputy recommends that the audit team implement a final comment adjudication review as standard procedure to allow organizations to understand how the audit team considered Navy comments.

### Our Response

The Deputy's comments that the 3-day staffing time for a discussion draft is not adequate time for a full review and staffing especially when the discussion draft is delivered without any warning, is misleading.  A discussion draft is issued to senior officials or their designated representatives to whom potential recommendations will be directed and is not meant to be staffed through the chain of command.  The purpose of the discussion draft is to make sure that the report is accurate and to resolve or minimize disagreements on conclusions, findings, recommendations, and potential monetary benefits.  During the course of the audit, we communicated with senior SPAWAR staff on what we were finding.  Specifically, on April 16, 2015, the audit team conducted tele-conferences with the Deputy PEO for Acquisition Management and staff representatives from each SPAWAR program reviewed to

discuss the issues that we were finding with their programs.  We also provided them with the preliminary copy of our discussion draft that outlined our finding and recommendation.  As a result of these meetings we made changes to the report.

Additionally, we continued to work with SPAWAR staff to address their comments on the formal discussion draft report.  Specifically, we revised the report relating to the necessary resources for the NMT program not being available for operational testing.  In addition, we revised the report based on SPAWAR staff comments and documentation they provided in response to the discussion draft that showed the program manager had approval for delaying the NMT testing.

# Management Comments

## Department of the Navy

13 Aug 2015

MEMORANDUM FOR INPSECTOR GENERAL, DEPARTMENT OF DEFENSE

SUBJECT: "NAVAL SYSTEMS COMMANDS NEED TO IMPROVE MANAGEMENT OF WAIVER AND DEFERRAL REQUESTS", (D2015-D000AE-0157.000)

The Navy has reviewed the subject report and partially concurs with the findings and recommendations. SPAWARSYSCOM (PEO C4I and PMW-170/A) and OPNAV (N84/N803) assisted the DODIG during the conduct of this audit, and the report and responses were socialized within the offices of the Assistant Secretary of the Navy (Research, Development and Acquisition), the Chief of Naval Operations and SPAWARSYSCOM. Our response to your draft report is enclosed.

Responsibility for implementing the proposed changes that the Navy concurs with is the responsibility of OPNAV N84. My point of contact for this action is ████████ ████████████████████████████████████████

Carroll P. Quade
Deputy Department of the Navy
Test and Evaluation Executive (N84C)

# Department of the Navy (cont'd)

NAVY RESPONSE TO
DODIG DRAFT AUDIT REPORT "SPACE AND NAVAL WARFARE SYSTEMS
COMMAND AND OVERALL NAVY NEEDS TO IMPROVE MANAGEMENT
OF WAIVER DEFERRAL REQUESTS"
D2015-D000AE-0157.000, DATED 2 JULY 2015

**RESULTS IN BRIEF AND FINDING A:** Space and Naval Warfare Systems Command
Needs to Improve Management of Waiver and Deferral Requests

The Navy Multiband Terminal (NMT) program manager did not fully implement Navy policy to
request waivers when the program did not meet all certification criteria to enter initial
operational test and evaluation (IOT&E). Additionally, the program managers for the NMT,
Tactical Mobile, Digital Modular Radio, and Computer Network Defense programs did not
include support in the operational test readiness review (OTRR) briefings on what they had done
to meet certification criteria for entering IOT&E.

These conditions occurred because Navy policy did not clearly state that program managers must
request waivers whenever their program does not meet all criteria required to start IOT&E. In
addition, in May 2009, SPAWAR canceled their policy on waivers and deferrals.

As a result, the NMT program entered and completed IOT&E with unresolved deficiencies that
affected system reliability and software maturity. These deficiencies diminished the NMT's
ability to perform its primary mission providing Navy forces worldwide secure, protected, and
survivable communications. Additionally, because the program managers for the four programs
did not prepare documentation for the OTRR briefings that captured program accomplishments
against each certification requirement, the program executive officer and other stakeholders
could not fully consider program readiness for entering IOT&E during the OTRR briefings.

**N84: Partially concur**

This finding states that because PMs did not request waivers, the system did not meet
performance requirements, and the PEO could not effectively consider program readiness for
entering the IOT&E test phase. This implies that the only information discussed at the
Operational Test Readiness Review (OTRR) is regarding certification criteria not met, and that
the only information provided to the PEO to support his or her decision is during the OTRR.
This is incorrect.

The OTRR is a culmination of many months of effort by the program office. The program Test
and Evaluation Working Integrated Product Team (T&E WIPT), which includes resource
sponsors, DOT&E and DASD (DT&E), N842, COTF, logistics, technical test experts, training
and other Subject Matter Experts (SMEs), determines the status of each of the 20 items of the
OTRR certification criteria. The WIPT also determines the level of detail that each of the criteria
should be discussed at the OTRR. Multiple iterations of the brief are developed and reviewed
before presenting to the PM and the Deputy PEO before proceeding to the actual OTRR. There
are many layers of expert review to ensure that PEO is provided objective data to make an
informed decision at the OTRR.

The existing SECNAVINST 5000.2 para 4.6.2 states "The SYSCOM commander, PEO, and
DRPM shall, unless otherwise directed by ASN(RD&A) for programs on the OSD T&E oversight

# Department of the Navy (cont'd)

list, make one of the following certifications". The next two paragraphs of the instruction detail the two certifications, and state that the PEO shall certify, by naval message, that a system is either certified to proceed to Operational Testing (OT) with no exceptions, or certified to proceed to OT with T&E exceptions.

However, N84 acknowledges that the current SECNAV 5000.2E policy could be updated to provide more clear guidance on leadership expectations of OTRR processes, and a proposed change is in final staffing.

**SPAWAR Response:**

**PEO C4I/PMW 170/A:  Do not concur.**

The finding on NMT is incomplete.  The DoD IG did not state the NMT program manager postponed the NMT Full Rate Production (FRP) decision following IOT&E, and successfully completed a Verification of Correction of Deficiencies in August 2012.  The Commander, Operational Test and Evaluation Force (COMOPTEVFOR) concluded the NMT was operationally suitable on 15 October 2012.  The Director, Operational Test and Evaluation reported the NMT operationally suitable in December 2012.

The second sentence, paragraph 1 and the last sentence, paragraph 3 of the Finding are incomplete.  DoD IG did not state the four program managers provided documentation **before the OTRR briefings** that captured program accomplishments against each certification requirement.  The Navy provided the DoD IG with documentation that captured program accomplishments against each certification requirement.

Further, the four program managers implemented the following Instructions and Better Buying Power (BBP) 3.0 tenet:

- DoD Instruction 5000.02, January 15, 2015, Section 1, "Purpose", paragraph b that authorizes tailoring "the regulatory requirements and acquisition procedures in this instruction to more efficiently achieve program objectives…"
- SECNAVINST 5000.2E, 1 September 2011, Section 1.5, paragraph 1.5.2 (i.e., tailoring), and Section 4.6, paragraphs 4.6.1 (i.e., coordinating tailoring with the T&E Working Integrated Product Team (WIPT) and Operational Test Authority), and 4.6.4 (i.e., requesting and coordinating waivers and deferrals *prior to the OTRR, and using the T&E WIPT to ensure full understanding of the impact on operational testing*).
- BBP 3.0 tenet **Eliminate Unproductive Processes and Bureaucracy:**  *Streamline documentation requirements and staff reviews.*

It is efficient to encourage program managers to provide and successfully coordinate this documentation through official forums like the T&E WIPT.  Program Executive Officer, stakeholders', and program office staffs are on the T&E WIPT and inform their respective

# Department of the Navy (cont'd)

NAVY RESPONSE TO
DODIG DRAFT AUDIT REPORT "SPACE AND NAVAL WARFARE SYSTEMS
COMMAND AND OVERALL NAVY NEEDS TO IMPROVE MANAGEMENT
OF WAIVER DEFERRAL REQUESTS"
D2015-D000AE-0157.000, DATED 2 JULY 2015

leadership before the OTRR on status of documentation that captured program accomplishments against each certification requirement. Program managers can therefore better inform the program executive officer and stakeholders at OTRR briefings on any risks and issues to program readiness to enter IOT&E.

1. **"Operational Test Readiness Review Briefing Charts Need to Address Certification Criteria"** (Table and words)

**OPNAV Response:**

**N84: Do not concur**

As stated above, the OTRR brief is the final action of an extensive and robust decision process. Many OTRR's are focused on the items that require PEO awareness and attention, and where a decision is required. The prebriefing process, overseen by a SES, addresses all certification issues and ensures that the OTRR agenda is focused on the most pertinent issues.

**SPAWAR Response:**

**PEO C4I/PMW 170/A: Do not concur.**

The finding is not accurate. The PEO C4I does not concur with the DoD IG concluding in Table 1 that the NMT program did not meet Criterion 1 titled "The operational test and evaluation manning of the system is adequate to simulate normal operating conditions."

The program office reported "The OT&E manning of the system is adequate in numbers, rates, ratings, and experience level to simulate normal operating conditions." in the 13 July 2011 NMT OTRR briefing (refer to slide 62 titled "OTRR Checklist" Item #8). The PEO C4I provided these slides to the DoD IG.

Further, the NMT Government Test Team (GTT) requested the test assets for the IOT&E via the Fleet Service Request (FSR) process. In the FSR, with concurrence from OPTEVFOR, the GTT requested trained Fleet NMT Operators/Maintainers to operate the NMTs throughout testing. This same information was in the 6 April 2011 NMT Development Test/Integrated Test C1 site briefs. In addition, this information was in the 4 March 2010 (REV A) version of the Test and Evaluation Master Plan (TEMP). The Navy provided the briefings and the approved TEMP to the DoD IG.

In addition, the first sentence of the first paragraph following Table 1 is incomplete. See the response to DoD IG Findings under "Results In Brief and Finding A" above.

# Department of the Navy (cont'd)

NAVY RESPONSE TO
DODIG DRAFT AUDIT REPORT "SPACE AND NAVAL WARFARE SYSTEMS
COMMAND AND OVERALL NAVY NEEDS TO IMPROVE MANAGEMENT
OF WAIVER DEFERRAL REQUESTS"
D2015-D000AE-0157.000, DATED 2 JULY 2015

**2. "SPAWAR Canceled Policy on Waivers and Deferrals" (Draft Report Page 9)**

The deficiencies in managing waiver requests and presenting insufficient OTRR briefings occurred because Navy policy did not clearly state that program managers must request waivers whenever their program does not meet all criteria required to start IOT&E. In May 2009, SPAWAR Notice 3960 canceled the SPAWAR Instruction 3960.3E which included a checklist for certification of readiness for operational evaluation. The SPAWAR Notice 3960 does not include any guidance on the OTRR process or when and how to request waivers and deferrals. The PEO, Command, Control, Communications, Computers and Intelligence and Space, had internal guidance that had an OTRR checklist that listed 14 of the 20 IOT&E certification criteria identified in SECNAVINST 5000.2E. However, according to SPAWAR staff, the PEO Operations Guide superseded this internal guidance in 2008. Appendix C compares the SECNAV and PEO policies and identifies the six criteria the PEO policy does not include.

**OPNAV Response:**

**N84: Do not concur**
See comments above under "Finding A"

**SPAWAR Response:**

**PEO C4I: Do not concur.**

The finding is not current or accurate because the referenced "internal guidance" was a draft policy that was never signed nor promulgated to the program offices. Programs did not have access to the draft policy. Therefore, the comparisons made in Appendix C are not relevant as they compare an unsigned, unpromulgated policy memo to the SECNAVINST 5000.2 criteria. In addition, the comparison to the draft policy memo is not relevant because the approved PEO Operations Guide (POG) was promulgated before any of the PEO C4I programs were ready for IOT&E.

**3. Conclusion (Draft Report Page 10)**

The NMT entered and completed IOT&E with unresolved deficiencies that affected software maturity and reliability. NMT did not fully meet its primary requirements providing Navy forces worldwide secure, protected, and survivable AEHF satellite communications. At the final production decision, the program manager accepted 77 NMTs that cost $304.1 million and whose reliability limited their ability meeting communication needs for supporting the Navy's long-term deployments.

Additionally, because the program managers for the four programs did not prepare documentation for the OTRR briefings that captured program accomplishments against each certification

# Department of the Navy (cont'd)

NAVY RESPONSE TO
DODIG DRAFT AUDIT REPORT "SPACE AND NAVAL WARFARE SYSTEMS
COMMAND AND OVERALL NAVY NEEDS TO IMPROVE MANAGEMENT
OF WAIVER DEFERRAL REQUESTS"
D2015-D000AE-0157.000, DATED 2 JULY 2015

requirement, the PEO and other stakeholders could not fully consider program readiness for entering IOT&E during the OTRR briefing.

**OPNAV Response:**

**N84:  Do not concur**

As stated above, the OTRR brief is the final action of an extensive and robust review process. OTRR's are focused on on items that merit PEO attention and where a decision is required.  The prebriefing process, overseen by a SES, addresses all certification issues and focuses the OTRR agenda.

**SPAWAR Response:**

**PEO C4I/PMW 170/A:  Do not concur.**

The finding is not accurate and incomplete because the NMT TEMP 1642 REV B, signed by all stakeholders and approved by OSD DOT&E on 12 August 2011 (para. 3.3.6.1.4, pg. 3-16), documented that testing, prior to an available AEHF satellite, could evaluate NMT's compatibility, functionality, and whether it could perform its operational missions.  For example, NMT successfully tested Low Data Rate (LDR) and Medium Data Rate (MDR) capabilities at IOT&E.  Based on the COMOPTEVFOR NMT OT-C1 (IOT&E) Test Report dated 29 November 2011 (Section 1.5.3, Page 9):

> "The success rate of LDR and MDR Mission Data Update (MDU) Point-to-Point (PTP) data transfers conducted by USS COLE with USS HUE CITY during OT-C1 and with Cruise Missile Support Activity during IT-C1 was 100 percent. MDU data transfers were also demonstrated between USS ANNAPOLIS and the Washington Planning Center using "strike over secret" with a 100-percent success rate. Sixty-eight point five percent of all circuit activations, 99.5 percent of all circuit deactivations, 80.0 percent of the network joins, and 98.6 percent of all network exits were successfully accomplished.  SRB [Submarine Report Back] processing time and success rate exceeded the classified threshold values, and the results are summarized in table B-7. The NMT successfully demonstrated the capability to effectively support operational missions on all available beams and configurations and is evaluated as satisfactory."

The NMT program manager received direction to document the plan to test the Extended Data Rate (XDR) capability during FOT&E in the NMT TEMP.  The plan to test is in both REV A (dated 23 November 2009; approved 4 March 2010, PRIOR to OTRR) and REV B of the NMT TEMP approved by OSD DOT&E on 12 August 2011.  DOT&E approval of the IOT&E plan was with full knowledge of this limitation.  The Navy provided these TEMPs to DoD IG.

# Department of the Navy (cont'd)

NAVY RESPONSE TO
DODIG DRAFT AUDIT REPORT "SPACE AND NAVAL WARFARE SYSTEMS
COMMAND AND OVERALL NAVY NEEDS TO IMPROVE MANAGEMENT
OF WAIVER DEFERRAL REQUESTS"
D2015-D000AE-0157.000, DATED 2 JULY 2015

Also see the Navy response to DoD IG Findings at RESULTS IN BRIEF above regarding
paragraph 2 of the Conclusion.

**4.    Recommendation (Draft Report Page 10)**

We recommend the Commander, Space and Naval Warfare Systems Command, ensure that the
Space and Naval Warfare Instruction 3960.3F, "Test and Evaluation," references and provides
guidance to implement the Navy policy in the planned revision of Secretary of the Navy
Instruction 5000.2E, "Department of the Navy Implementation and Operation of the Defense
Acquisition System and the Joint Capabilities Integration and Development System."

**OPNAV Response:**

**N84:  Concur**

**SPAWAR Response:  Concur.**

SPAWAR plans to promulgate an updated Test and Evaluation policy (SPAWARINST 3960.5)
that will addresses roles and responsibilities and will also include appropriate direction for
SPAWAR programs to follow the OTRR waiver process as documented in SECNAVINST
5000.2E.  The updated SPAWARINST 3960.5 is expected to be released by November 2015.

**FINDING B:  Navy Systems Commands Need to Improve Management of Waivers and
Deferrals (Draft Report Page 11)**

Navy program managers and weapon system sponsors within the Office of the CNO did not fully
implement Navy policies for requesting waivers and deferrals before certifying program
readiness for IOT&E supporting the final production decision.  Our review of nine Navy
acquisition programs that entered final production between April 14, 2012, and April 14, 2014,
showed that program managers on:

- four programs did not request waivers when those programs did not meet all IOT&E
  certification requirements;
- five programs had OTRR briefings that did not clearly document what they had done to meet
  certification criteria; and
- one program did not request deferrals from testing planned to demonstrate system
  requirements during IOT&E.

These conditions occurred because Navy policy did not clearly state that program managers must
request a waiver whenever a program does not meet all criteria required to enter IOT&E and
request a deferral to delay testing.

# Department of the Navy (cont'd)

NAVY RESPONSE TO
DODIG DRAFT AUDIT REPORT "SPACE AND NAVAL WARFARE SYSTEMS
COMMAND AND OVERALL NAVY NEEDS TO IMPROVE MANAGEMENT
OF WAIVER DEFERRAL REQUESTS"
D2015-D000AE-0157.000, DATED 2 JULY 2015

Additionally, Navy weapon system sponsors for three programs did not obtain agreement from the Joint Chiefs of Staff (JCS) that the waiver or deferral would not affect military use before independently granting the waiver or deferral. This occurred because:

- Navy and JCS policy did not clearly define responsibilities for designating the most mission-critical system characteristics as primary requirements; and
- Navy policy did not require sponsors to communicate with the JCS their decision to grant a waiver or deferral to a program designated as Acquisition Category I, or of JCS interest.

As a result, program manager and sponsor implementation of Navy waiver and deferral policy permitted six of nine programs reviewed to complete IOT&E with unresolved deficiencies that negatively impacted performing the primary missions.

**OPNAV Response:**

**N84/N803: Do not concur**

Finding B implies that the only way a PM/PEO is informed of a system's required capabilities and determines if a system is ready to proceed to operational testing is through reading a detailed requirement document. This incorrectly assumes that the requirement document is the only vehicle for conveying programmatic information to the PEO and PM. Resource sponsors, PEOs and PMs are in daily communications discussing risk, cost, performance and schedule. Numerous technical and fiscal realities, as well as actual system performance, all affect the decision making process associated OTRRs.

Existing SECNAVINST 5000.2E policy paragraph 4.6.2.2 states that a PEO must execute the following policy when certifying a system to proceed to OT with Exceptions – which encompasses both waivers and deferrals (italics added for accent):

"4.6.2.2 Certification for OT With T&E Exceptions
Certify to CNO ((N84), DC, CD&I by message that a system is ready for OT(specific operational test phase), as required by the TEMP, with waiver and or deferral requests. *Provide information copies to the program sponsor (Navy only, who must provide formal concurrence with proposed exceptions),* ASN(RD&A), COMOPTEVFOR and Director, MCOTEA, and when a program is on the OSD T&E oversight list, to DOT&E."

This policy ensures that the PEO delegated Title 10 responsibility from the CNO to develop requirements for systems that will equip the fleet have executed that responsibility in determining that the system capabilities are adequate to proceed to operational testing. The Navy views this as adequate oversight.

# Department of the Navy (cont'd)

NAVY RESPONSE TO
DODIG DRAFT AUDIT REPORT "SPACE AND NAVAL WARFARE SYSTEMS
COMMAND AND OVERALL NAVY NEEDS TO IMPROVE MANAGEMENT
OF WAIVER DEFERRAL REQUESTS"
D2015-D000AE-0157.000, DATED 2 JULY 2015

Adding a requirement for a waiver or deferral to be approved by the JROC would require significant effort (e.g. multiple flag level briefings) before the waiver could even start the Joint Staffing process. This is a significant burden that is contradictory to CNO direction and USD AT&L BBP 3.0 guidance.

**SPAWAR Response:**

**PEO C4I/PMW 170/A:  Do not concur.**

The finding is not accurate and incomplete.  See the SPAWAR response to "FINDING A".

**APPENDIX C: Comparison of Certification Criteria in SECNAV and SPAWAR Policies (Draft Report Pages 25-28)**

**SPAWAR Response:**

**PEO C4I:  Do Not Concur.**

See the SPAWAR response above to "SPAWAR Canceled Policy on Waivers and Deferrals."

**OVERALL COMMENTS:**
1.      The three day staffing time for the Discussion Draft is not adequate to allow full review and staffing, especially when the Discussion Draft is delivered without any warning.  Following the Discussion Draft, the final IG Draft draft was provided with a 30 day review period.

   The Navy recommends that either: 1) The DODIG eliminate the initial discussion draft review and only conduct a formal 30 day review, with a formal comment adjudication process as discussed below, or 2) The DODIG extend the timeline for the initial review to seven days to provide the Navy adequate time to thoroughly review and comment on the initial decision draft report.
   At a minimum, the audited organizations should be informed of the intended delivery date and schedule so that they can be prepared to staff the draft report.

2.      Similar to the recent NAVSEA IG  report on Waivers and Deferrals, the Navy is concerned that previously provided comments (some were factual in nature) to Discussion Draft reports were not incorporated into the final Draft report, and no comment adjudication opportunity was conducted to ensure that the DODIG understood the comments.  It was determined that the omissions were a combination of administrative errors, DODIG confusion regarding interpretation of Navy comments, and differences of opinion between DODIG and Navy.  It is recommended that the DODIG implement a final comment adjudication review as

# Department of the Navy (cont'd)

NAVY RESPONSE TO
DODIG DRAFT AUDIT REPORT "SPACE AND NAVAL WARFARE SYSTEMS
COMMAND AND OVERALL NAVY NEEDS TO IMPROVE MANAGEMENT
OF WAIVER DEFERRAL REQUESTS"
D2015-D000AE-0157.000, DATED 2 JULY 2015

standard procedure to allow the audited organization to understand how comments were adjudicated and allow for better understanding on why comments were not incorporated into the report.

**CLASSIFICATION REVIEW**

N84 is still confirming the correct classification of these inputs.

# Acronyms and Abbreviations

|  |  |
|---|---|
| **AEHF** | Advanced Extremely High Frequency |
| **CND** | Computer Network Defense |
| **CNO** | Chief of Naval Operations |
| **DMR** | Digital Modular Radio |
| **DTS** | Distributed Targeting System |
| **IOT&E** | Initial Operation Test and Evaluation |
| **IDS** | Identity Dominance System |
| **JCIDS** | Joint Capabilities Integration and Development System |
| **JCS** | Joint Chiefs of Staff |
| **NAVAIR** | Naval Air Systems Command |
| **NAVSEA** | Naval Sea Systems Command |
| **NMT** | Navy Multiband Terminal |
| **OTRR** | Operational Test Readiness Review |
| **PEO** | Program Executive Officer |
| **SECNAVINST** | Secretary of the Navy Instruction |
| **SM-6** | Standard Missile-6 |
| **SPAWAR** | Space and Naval Warfare Systems Command |
| **TEMP** | Test and Evaluation Master Plan |

## Whistleblower Protection
### U.S. Department of Defense

*The Whistleblower Protection Enhancement Act of 2012 requires the Inspector General to designate a Whistleblower Protection Ombudsman to educate agency employees about prohibitions on retaliation, and rights and remedies against retaliation for protected disclosures. The designated ombudsman is the DoD Hotline Director. For more information on your rights and remedies against retaliation, visit www.dodig.mil/programs/whistleblower.*

## For more information about DoD IG reports or activities, please contact us:

**Congressional Liaison**
congressional@dodig.mil; 703.604.8324

**Media Contact**
public.affairs@dodig.mil; 703.604.8324

**For Report Notifications**
http://www.dodig.mil/pubs/email_update.cfm

**Twitter**
twitter.com/DoD_IG

**DoD Hotline**
dodig.mil/hotline

DEPARTMENT OF DEFENSE | INSPECTOR GENERAL

4800 Mark Center Drive
Alexandria, VA 22350-1500
www.dodig.mil
Defense Hotline 1.800.424.9098